

FINAL BILL REPORT

SHB 2042

C 100 L 09
Synopsis as Enacted

Brief Description: Concerning the incentive in the motion picture competitiveness programs.

Sponsors: House Committee on Community & Economic Development & Trade (originally sponsored by Representatives Kenney, Parker, Hasegawa, Chase and Ormsby).

House Committee on Community & Economic Development & Trade
Senate Committee on Labor, Commerce & Consumer Protection

Background:

The Motion Picture Competitiveness Program (Program) was established by legislation in 2006 and modified in 2008. The purpose of the Program is to revitalize the state's economic, cultural, and educational standing in the national and international markets of motion picture production.

A non-profit 501 (c) (6) corporation may receive contributions from businesses for the purpose of providing funding assistance to motion picture production companies for film production costs, including health insurance, payments into a retirement plan, and other associated expenses. These contributions may also be used to market a tax credit, and for Program administration. An eight-member board of directors is appointed by the Governor to administer the Program. The Department of Community, Trade and Economic Development (DCTED) is responsible for adopting rules to guide the Program and for reporting results to the Legislature.

A business and occupation (B&O) tax credit is offered for a business making a contribution to the Program. The maximum B&O tax credit that may be earned by a taxpayer each calendar year is the lesser of \$1 million, or 100 percent of the business contribution. There is a statewide credit cap of \$3.5 million per calendar year. Credits are available on a first-in-time basis. A Joint Legislative Audit and Review Committee study is due in December 2010 on the effectiveness of the B&O tax credit.

Funding assistance to a motion picture production company is predicated on the type of production and the actual amount invested within the state. The maximum funding assistance is 20 percent of the total actual investment when at least \$500,000 is invested for a single feature film, at least \$300,000 is invested for a television episode, or at least \$150,000

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is invested for an infomercial or television commercial associated with a national or regional advertisement campaign.

By March 31 each year, the DCTED must survey motion picture production companies that received funding assistance in the previous calendar year. The survey must include information on the funding amount and its impacts on employment, wages, and benefits. The DCTED may extend the reporting deadline, but if a production company fails to submit an annual survey by the given deadline, the production company must repay the funding amount plus interest. The DCTED must compile the survey information into a report to the Legislature by September 1 annually.

Summary:

Maximum funding assistance to a motion picture production company is limited to 30 percent, rather than 20 percent, of the company's total actual investment in the state, effective immediately.

Votes on Final Passage:

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| House | 96 | 0 |
| Senate | 44 | 2 |

Effective: April 15, 2009